



U.S. Department of Justice

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F. #2009R02380

January 4, 2016

BY ECF

The Honorable John Gleeson
United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: United States v. HSBC Bank USA, N.A. and HSBC Holdings plc
Criminal Docket No. 12-763 (JG)

Dear Judge Gleeson:

Pursuant to the Court's July 1, 2013, Order directing the government to file quarterly reports regarding the implementation of the deferred prosecution agreement ("DPA") in the above-captioned matter, the government submits this status report.

During the last quarter, the independent corporate compliance monitor, Michael G. Cherkasky ("the Monitor"), made significant progress in several areas. As required under the DPA, the Monitor and his team have nearly completed the Second Annual Follow-up Review ("the Follow-up Review") of HSBC Holdings plc's ("HSBC Group's" and "the bank's") anti-money laundering and sanctions program; the Monitor is on track to submit a final draft of this review to the Department of Justice on January 20, 2016.

The Follow-up Review comprises the Monitor's work in four overlapping areas: 1) assessment of the bank's Group-level improvements to its anti-money laundering and sanctions compliance; 2) review of a sample of the bank's country-based operations; 3) analysis of HSBC Group's anti-money laundering and sanctions compliance within its trade finance, private banking, and correspondent banking business lines; and 4) evaluation of the remedial steps taken thus far by the bank under the DPA, including those recommended by the Monitor.

